



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 2, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
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Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
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SUBJECT: **PEOPLE ASSISTING THE HOMELESS – FOLLOW-UP REVIEW**

At the request of the Department of Public Health (DPH), Office of AIDS Programs and Policy (OAPP), we completed a follow-up review of People Assisting the Homeless' (PATH or Agency) progress in implementing the recommendations from our September 10, 2008 report. The purpose of our original review was to determine if PATH had appropriately spent funds in accordance with the County contract.

The report contained eight recommendations and the Agency implemented seven of the eight recommendations. The following are the recommendations and their implementation status. In addition, our follow-up review identified an additional \$510 in unsupported units of service the Agency needs to repay OAPP.

**CASH**

**Recommendation 1**

**PATH management document their review and approval of bank reconciliations.**

**Current Status: IMPLEMENTED**

**Verification/Results**

The bank reconciliation for January 2009 that we sampled was reviewed and approved by the Chief Operating Officer.

## **REVENUE**

### **Recommendation 2**

**PATH management repay \$1,539.**

**Current Status: IMPLEMENTED**

### **Verification/Results**

PATH repaid OAPP \$1,539 on October 20, 2008.

### **Recommendation 3**

**PATH management ensure that reimbursement claims accurately reflect the number of bed days provided.**

**Current Status: IMPLEMENTED**

### **Verification/Results**

PATH's reimbursement claims for January 2009 that we sampled accurately reflected the number of bed days provided. However, PATH exceeded their maximum number of bed-holds for the quarter resulting in an overbilling of \$510. The County contract allows a maximum of two bed-hold days per quarter for OAPP clients.

### **New Recommendations**

**PATH management:**

- 1. Repay DPH \$510.**
- 2. Ensure that billings do not exceed the maximum allowable bed-holds.**

### **Recommendation 4**

**PATH management establish and implement a client/patient fee determination system and ensure that it is reviewed and approved by OAPP.**

**Current Status: NOT IMPLEMENTED**

**Verification/Results**

Agency staff explained that the Agency has not established and implemented a client/patient fee determination system because OAPP clients are generally homeless. Therefore, PATH did not charge clients. However, PATH needs to establish and implement a client fee determination system for those clients that may have the ability to pay.

**EXPENDITURES**

**Recommendation 5**

**PATH management maintain documentation to support all program expenditures.**

**Current Status: IMPLEMENTED**

**Verification/Results**

PATH provided documentation that showed the methodology they used to allocate shared expenditures appropriately. In addition, for the shared expenditures selected in our sample, PATH appropriately maintained documentation and appropriately allocated the expenditures to the OAPP Program.

**PAYROLL AND PERSONNEL**

**Recommendation 6**

**PATH management revise the Agency's accounting records to reflect actual costs for employee payroll benefits.**

**Current Status: IMPLEMENTED**

**Verification/Results**

We reviewed the Agency's general ledger and traced employee benefits expenditures recorded for December 2008 to supporting documentation. Based on our review, the Agency's accounting records reflected actual benefits costs.

**Recommendation 7**

**PATH management ensure all employees record actual hours worked each day on their time reports to support the time spent on program activities.**

**Current Status: IMPLEMENTED**

**Verification/Results**

We traced the payroll expenditure for one employee to the payroll records and time reports for three bi-weekly pay periods in December 2008. PATH's payroll expenditures were properly documented and appropriately charged to the OAPP Program.

**COST ALLOCATION PLAN**

**Recommendations 8**

**PATH management allocate costs to each program in accordance with the Agency's Cost Allocation Plan.**

**Current Status: IMPLEMENTED**

**Verification/Results**

As discussed above in the Expenditures and Payroll/Personnel sections, PATH appropriately allocated program costs to their programs. In addition, our review of their Cost Allocation Plan showed shared costs were allocated in accordance with their Cost Allocation Plan.

We discussed our report with PATH on July 21, 2009. The Agency agreed with our findings and to repay DPH the \$510 in questioned costs. We also notified DPH of the results of our review and they will follow-up with the Agency to ensure the questioned costs are repaid.

We thank PATH for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC

c: William T Fujioka, Chief Executive Officer  
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